THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V CHANDRASHEKHAR MURTHY) : (a) No, Sir. The total external finance proposed to be raised by the Dabhol Power Company is USD 550 million for which in floating rate terms, the weighted average foreign currency spread over US Treasuries is 2.4% per annum currently 10 year US Treasuries have a coupon rate of less than 8% per annum at par).

(b) There are two methods of establishing the level of minimum interest rates on export credits which are officially supported the general matrix rate that will be available upto January 14, 1995 to the Organisation for Economic Cooperation and Development Consensus Category III countries, which includes India, and the Commercial Interest Reference Rates that are market ralated and are announced each month. The finance plan of the Dabhol Power Company envisages a loan of USD 302 million from the Export Imoprt Bank of the United States wherein the interest would be applicable at the old OECD Consensus rate of 5.95% p. a., even though currently the Consensus rate is 7.35% p. a. on officially supported credits.

(c) Not applicable in view of the answer to part (a) above.

Capital Adequacy Norms

2069. SHRI GAYA SINGH :
SHRI N. GIRI PRASAD :
Will the Minister of FINANCE be pleased to state :

(a) whether all the Public Sector banks including SBI and Associated banks have complied with the capital adequacy norms stipulated by Government/RBI;

(b) if so, the names of the banks and their respective capital ratios; and

(c) if not, the banks who have defaulted and the extent of shortfall of capital ratios?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V CHANDRASHEKHAR MURTHY) : (a) and (b) Reserve Bank of India (RBI) has intimated that Indian banks which do not have their branches abroad were required to achieve 4% capital to Risk Asset Ratio (CRAR) by 31st March, 1993 and 8% by 31st March, 1996. However those banks which have their branches abroad are required to achieve the 8% norm by 31st March, 1995. Among all the Public Sector Banks barring Punjab National Bank which has yet to finalise its balance sheet, names of banks which have achieved at least 4% CRAR, as at 31st March, 1994, are given below :—

	NAME OF THE BANK	CRAR
1.	State Bank of India	12.9%
2.	State Bank of B & J	4.6%
3.	State Bank of Hyderabad	6.2%
4.	State Bank of Indore	4.8%
5.	State Bank of Mysore	4.6%
6.	State Bank of Patiala	11.2%
7.	State Bank of Travancore	4.3%
8.	State Bank of Saurashtra	4.92%
9.	Bank of Baroda	9.1%
10.	Canara Bank	12.1%
11.	Corporation Bank	9.4%
12.	Dena Bank	6.7%
13.	Oriental Bank of Commerce	10.2%
14.	Union Bank of India	9.7%
15.	Vijaya Bank	5.7%

(c) Information is being collected and will be laid on the Table of the House.

Minimum Capital Adequacy Ratio

2070. SHRI GURUDAS DASGUPTA :
SHRI N. GIRI PRASAD :
Will the Minister of FINANCE be pleased to state :

(a) whether public sector banks have been advised by the Government to resort to public issues only if it is necessary to do so, to reach minimum capital adequacy ratio;

(b) if not, for what other purposes can banks resort to public issues; and

(c) the names of banks which have come out or likely to come out with public issues during 1993-94, 1994-95 and 1995-96 and the level of their capital ratio present and projected after the issues?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY) : (a) No, Sir.

(b) In addition to achieving the capital adequacy ratio, the public sector banks have to raise their level of capital for the following reasons also :

1. With the growth in deposits, funded risk assets and off-balance sheet items would increase commensurately and this would necessitate enhancement in net-worth to comply with capital adequacy norm.

2. As per the present RBI gnidelines on lending under consortium arrangement the share of a bank as a member of the consortium should be a minimum of 5 per cent of the fund based credit limits so as to ensure meaningful participation.

3. The banks have to also observe the credit exposure norm of 25 per cent of the net worth in the case of individual borrower and 50 per cent in the case of group of borrowers.

(c) The names of public sector banks which have gone public during 1993-94 and 1994-95 (so far) and the details of their capital to risk asset ratio before issue and after issue, as reported by RBI are given below;

Name of the Bank	Capital to risk asset ratio	
	Before issue	After issue
1993-94		
State Bank of India	4.5%	12.9%
1994-95 (so far)		
Oriental Bank of Commerce	10.2%	Details of subscription collected, retained etc. hav not yet been finalised by the bank.

The following banks have so far indicated their desire to raise capital from the public during the year 1994-95 or later:—

(1) Bank of Baroda
(2) Canara Bank
(3) Corporation Bank
(4) State Bank of Hyderabad
(5) State Bank of Travancore
(6) State Bank of Indore.

Observation of austerity measures

2071. SHRI SYED SIBTEY RAZI: Will the Minister of FINANCE be pleased to state:

(a) whether some guidelines have been issued from time to time to various Ministries from June, 1991 to till now to observe austerity measures and reduce expenditure;

(b) if so, the details of such guidelines issued at each spell of time:

(c) whether these measures have yielded any results; and

(d) if so, the details thereof, Ministry-wise and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) Keeping the Government expenditure under control is a continuous process and instructions on various economy measures such as reduction in posts at various levels, ban on air travel by first class, ban on accommodation in hotel suites while on tour, reduction in consumption/expenditure on petrol/diesel reduction on expenditure on Over-Time Allowance, surrender of telephone lines, restriction on purchase of vehicles, etc. are issued from time to time.

(c) and (d) The Ministries and Departments of the Govt. of India are required to follow the instructions mentioned at (a) and (b) above. However, details of economy achieved are not centrally available.

Service Area Approach Scheme in Banks in Gujarat

2072. SHRIMATI URMILABEN CHIMANBHAI PATEL: Will the Minister of FINANCE be pleased to state:

(a) the number of villages allotted under the scheme of service area approach to branches of public sector banks in Gujarat State; and

(b) the norms fixed by the above banks with regard to giving loans for rural development?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) Reserve Bank of India (RBI) has reported that 14873 villages have been allotted to branches of public sector banks under Service Area Approach in Gujarat.

(b) Reserve Bank of India has issued various guidelines to the banks under Service Area Approach (SAA) Scheme. Normally, service area of each bank branch comprises of specified villages and Annual Credit Plans (ACP) are prepared for the service area by each branch after survey of villages in the service area for assessing the potential of lendings and identification of beneficiaries for assistance. This is intended to ensure smooth flow of credit to the desired sectors. Under SAA scheme, credit facilities cover advances under Government sponsored programmes as also advances under different sectors such as agriculture, small scale industries, rural artisans, village industries and service sector. Advances under various Government